

FISCAL NOTE

SB 834 - HB 772

March 24, 1997

SUMMARY OF BILL: Mandates that health insurance plans provide coverage for *off label* drugs used for a purpose other than that approved by the Federal Food and Drug Administration, if such drug is recognized for a treatment in certain medical literature. Such coverage is to include any medically necessary services but is not to include *experimental drugs*. Creates a seven-person panel of medical experts in the Department of Commerce and Insurance to make recommendations about the use of such drugs.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures -	Exceeds \$100,000
Increase Local Govt. Expenditures* -	Exceeds \$100,000
Other Fiscal Impact - Increase Expenditures -	Exceeds \$100,000/Health Insurance Industry

Assumes an increased use of such drugs in TennCare with an eventual increase in capitation rates. Assumes an increase in administrative cost in the Department of Commerce and Insurance to regulate health insurance plan coverage of such drugs. An increase in such usage may also impact local government health plans. Impact on the private health insurance industry is included as required by TCA 3-2-111.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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